

# December Quarter 2016 Results

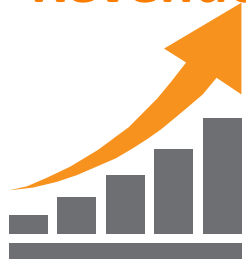


This presentation contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “potential,” “continue,” “ongoing,” “targets,” “guidance” and similar statements. Among other things, statements that are not historical facts, including statements about Alibaba’s strategies and business plans, Alibaba’s beliefs and expectations regarding the growth of its businesses and its revenue for the full fiscal year, the business outlook and quotations from management in this presentation, as well as Alibaba’s strategic and operational plans, are or contain forward-looking statements. Alibaba may also make forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the “SEC”), in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: Alibaba’s goals and strategies; Alibaba’s future business development; Alibaba’s ability to maintain the trusted status of its ecosystem, reputation and brand; risks associated with increased investments in Alibaba’s business and new business initiatives; risks associated with strategic acquisitions and investments; Alibaba’s ability to retain or increase engagement of consumers, merchants and other participants in its ecosystem and enable new offerings; Alibaba’s ability to maintain or grow its revenue or business; risks associated with limitation or restriction of services provided by Alipay; changes in laws, regulations and regulatory environment that affect Alibaba’s business operations; privacy and regulatory concerns; competition; security breaches; the continued growth of the e-commerce market in China and globally; risks associated with the performance of our business partners, including but not limited to Ant Financial, and fluctuations in general economic and business conditions in China and globally and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in Alibaba’s filings with the SEC. All information provided in this presentation is as of the date of this presentation and are based on assumptions that we believe to be reasonable as of this date, and Alibaba does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”), including adjusted EBITDA, adjusted EBITA, segmental adjusted EBITA, non-GAAP net income, non-GAAP diluted EPS and free cash flow. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, see GAAP to Non-GAAP Reconciliation.

# December Quarter 2016 Financial Highlights

## Revenue



**54%** YoY  
Total Revenue Growth

**45%** YoY  
Core Commerce  
Revenue Growth

## Cloud



**115%** Cloud  
Computing YoY  
Revenue Growth

Cloud Computing  
Segment Adjusted  
EBITA Margin **(5%)**

## Mobile



**80%** Mobile Revenue  
as % of China  
Commerce Retail  
Revenue

**493 Mn** Mobile MAUs <sup>(1)</sup>

## Strong Profitability and Cash Flow



**64%** Core Commerce  
Segment Adjusted  
EBITA Margin

**US\$4.9 Bn<sup>(2)</sup>**  
Non-GAAP Free Cash Flow

Notes: Unless otherwise indicated, all figures above are for the three months ended December 31, 2016.

(1) For the month ended Dec 31, 2016; in a given month, the number of unique mobile devices that were used to visit or access certain of our mobile applications at least once during that month.

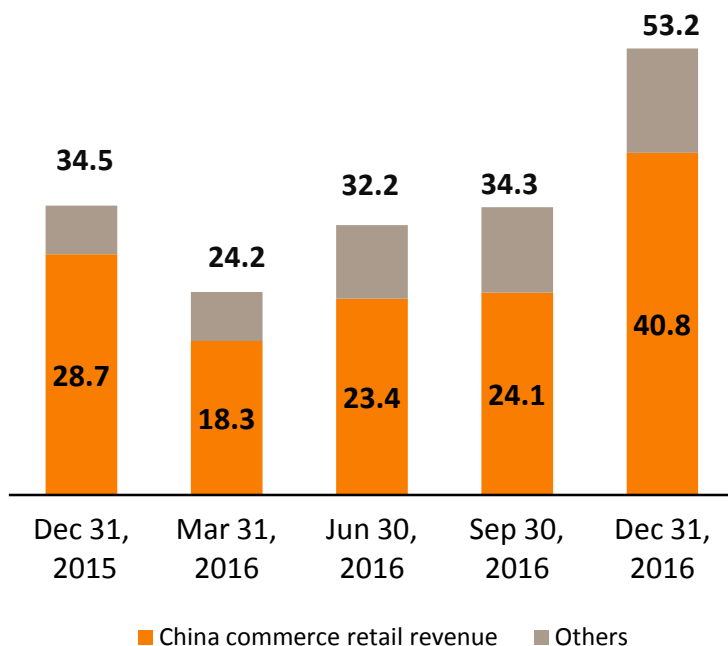
(2) All translations of RMB into US\$ were made at RMB6.943 to US\$1.00.

# Quarterly Revenue

- Total revenue YoY growth of 54% was mainly driven by the robust revenue growth of our China commerce retail business, Alibaba Cloud as well as the consolidation of newly acquired businesses (mainly Youku Tudou and Lazada).

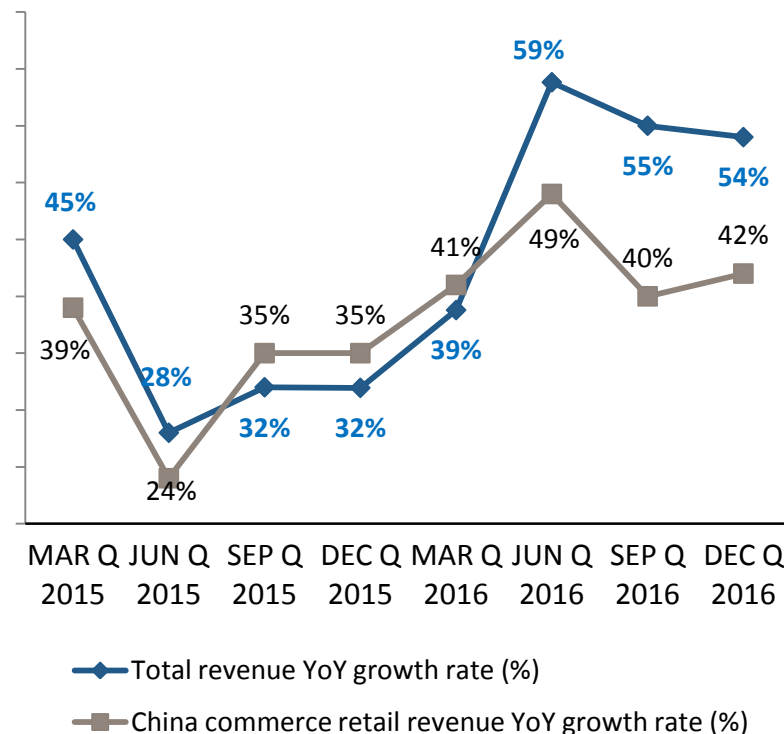
## Total Revenue

(RMB Bn)



Note: For the three months ended on the respective dates.

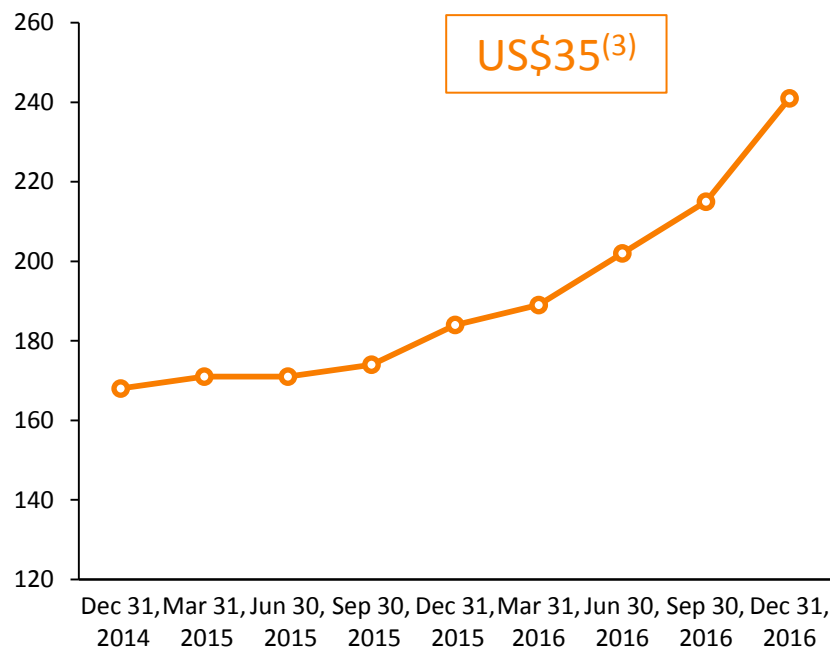
## Total Revenue YoY Growth (%)



# Continued Upward Trend in Monetizing User Base

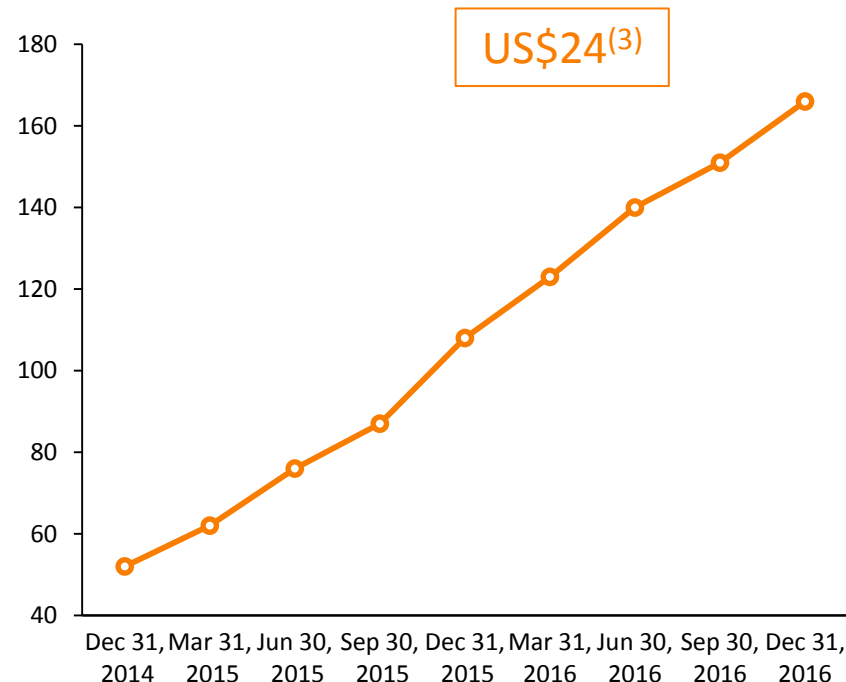
Annual China Retail Revenue / Annual Active Buyer <sup>(1)</sup>

(RMB)



Annual China Retail Mobile Revenue / Mobile MAU <sup>(2)</sup>

(RMB)

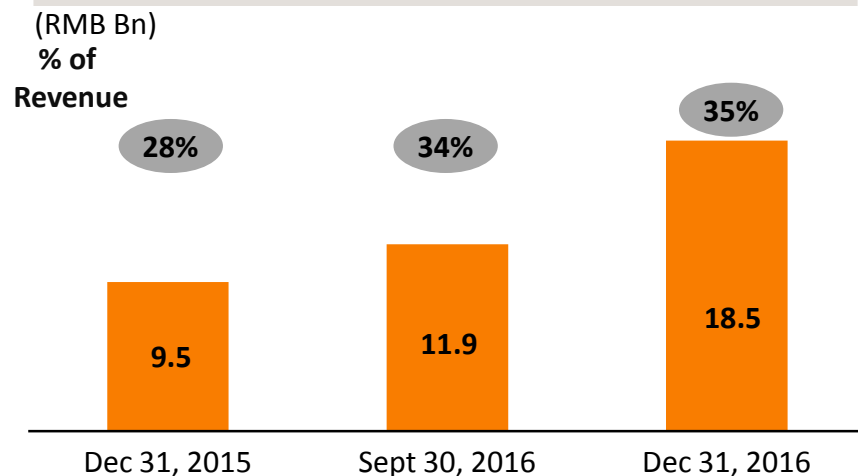


## Notes:

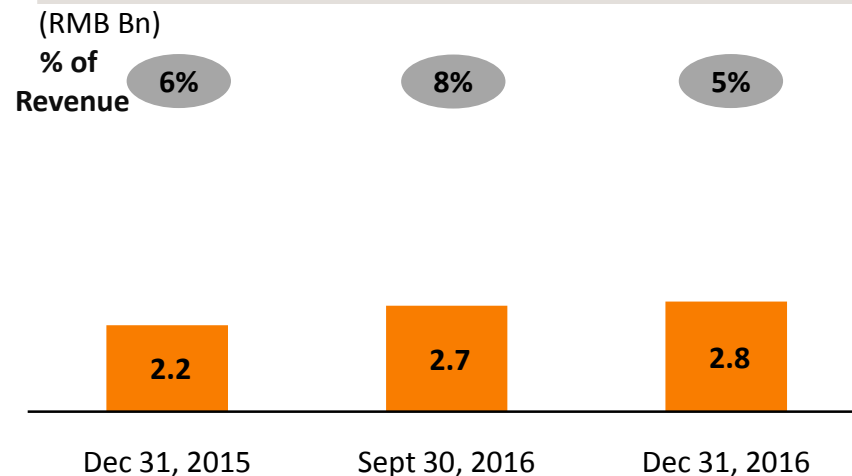
- (1) China commerce retail revenue per active buyer for each of the above periods is derived from the China commerce retail revenue for the last 12-month period, divided by the annual active buyers for the same 12-month period.
- (2) Annual mobile revenue per mobile MAU from China commerce retail is calculated by dividing mobile revenue from China commerce retail for the last 12-month period by the mobile MAUs at the end of the same period.
- (3) All translations of RMB into US\$ were made at RMB6.943 to US\$1.00.

# Quarterly Cost Trends

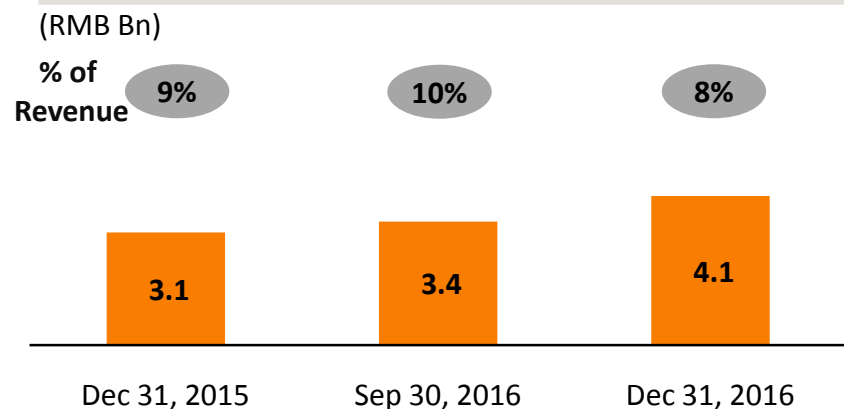
## Cost of Revenue (Excluding SBC)



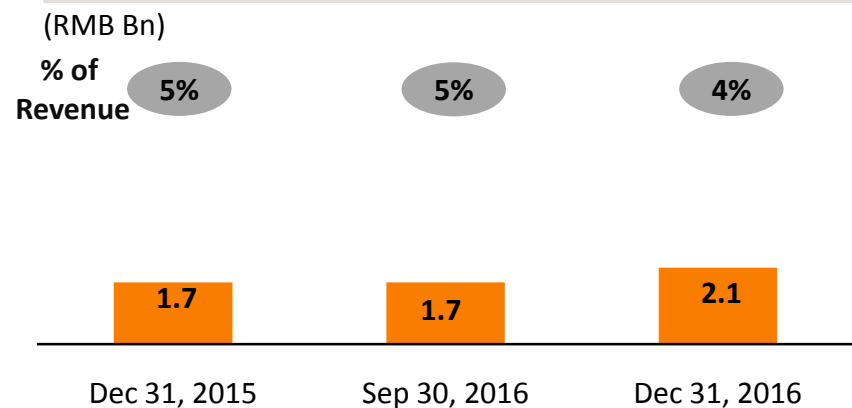
## Product Development Expenses (Excluding SBC)



## Sales & Marketing Expenses (Excluding SBC)



## General & Administrative Expenses (Excluding SBC)

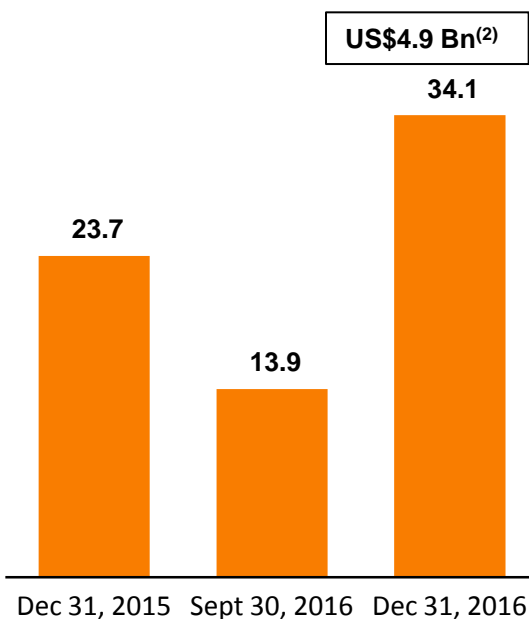


Note: For the three months ended on the respective dates.

# Free Cash Flow, Capital Expenditures and Cash

## Non-GAAP Free Cash Flow <sup>(1)</sup>

(RMB Bn)



## Capital Expenditures and Intangible Assets

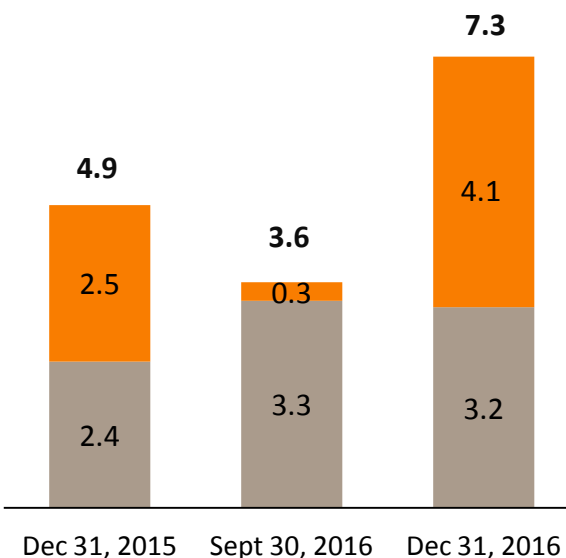
(RMB Bn)

Non-real Estate CAPEX as a % of Revenue

7%

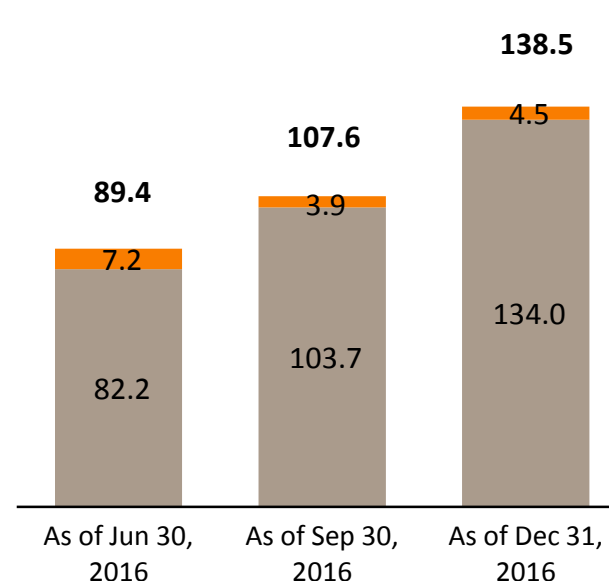
10%

6%



## Cash, Cash Equivalents and Short-term Investments

(RMB Bn)



■ Non-GAAP Free Cash Flow

■ Non-real Estate CAPEX and Intangible Assets  
■ Acquisitions of Land Use Rights and Construction in Progress

■ Cash and Cash Equivalents  
■ Short-term Investments

Notes: Unless otherwise indicated, all figures in the above charts are for the three months ended on the respective dates.

(1) Non-GAAP free cash flow represents net cash provided by operating activities as presented in Alibaba Group's consolidated cash flow statement less purchases of property and equipment and intangible assets (excluding acquisition of land use rights and construction in progress) and adjusted for changes in loan receivables relating to micro loans of its SME loan business and others.

(2) All translations of RMB into US\$ were made at RMB 6.943 to US\$1.00.

# Share of Results of Equity Investees

- The increase in share of results of equity investees during the quarter ended December 31, 2016 compared to the previous quarter was primarily due to an impairment loss on an equity investee, an increase in amortization of intangible assets of equity investees and an increase in share of losses of certain equity investees, including Koubei, in the quarter ended December 31, 2016.

In RMB MM unless otherwise stated	Dec Q 2015	Sept Q 2016	Dec Q 2016
<b>Share of results of equity investees:</b>			
- Koubei	(105)	(3)*	(237)
- Youku Tudou	(81)	—	—
- Cainiao Network	(86)	(220)	(234)
- Other equity investees	87	(160)	(373)
<b>Impairment loss</b>	—	—	(245)
<b>Others**</b>	(310)	(184)	(459)
<b>TOTAL</b>	<b>(495)</b>	<b>(567)</b>	<b>(1,548)</b>

Notes:

\* Koubei recognized a non-recurring income of RMB523 million in the quarter ended September 30, 2016, without recording this non-recurring income, our share of Koubei's loss would have been RMB262 million in the previous quarter.

\*\* Others mainly include amortization of intangible assets of equity investees and share-based compensation expenses.

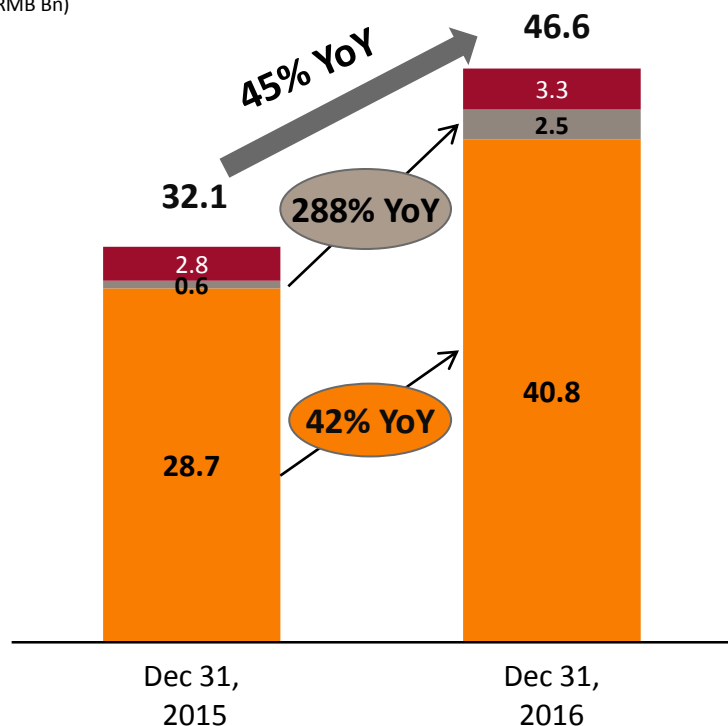


# Core Commerce Segment

- China commerce retail revenue grew 42% primarily due to robust growth of online marketing service revenue, as well as growth in commission revenue.
- Adjusted EBITA margin reflects consolidation of Lazada and investment in Tmall Supermarket, partially offset by operating leverage.

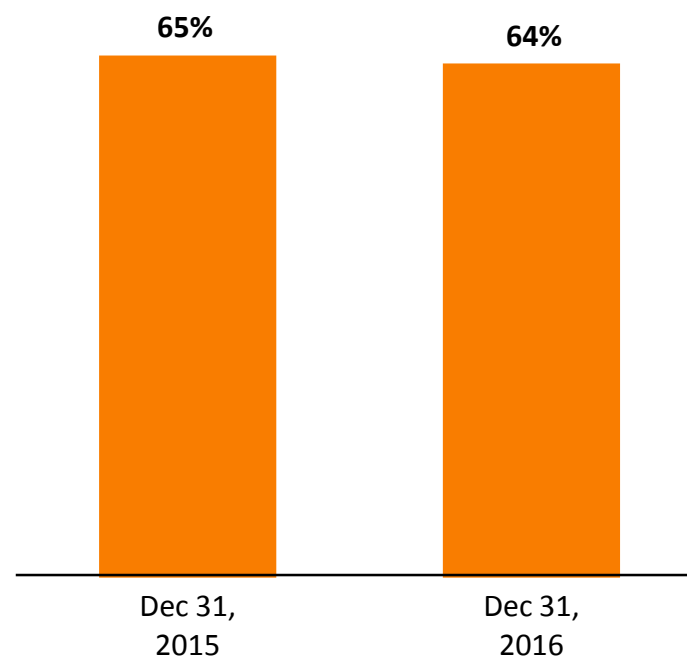
## Segment Revenue

(RMB Bn)



- China commerce retail
- International commerce retail
- Wholesale + Other

## Segment Adjusted EBITA Margin

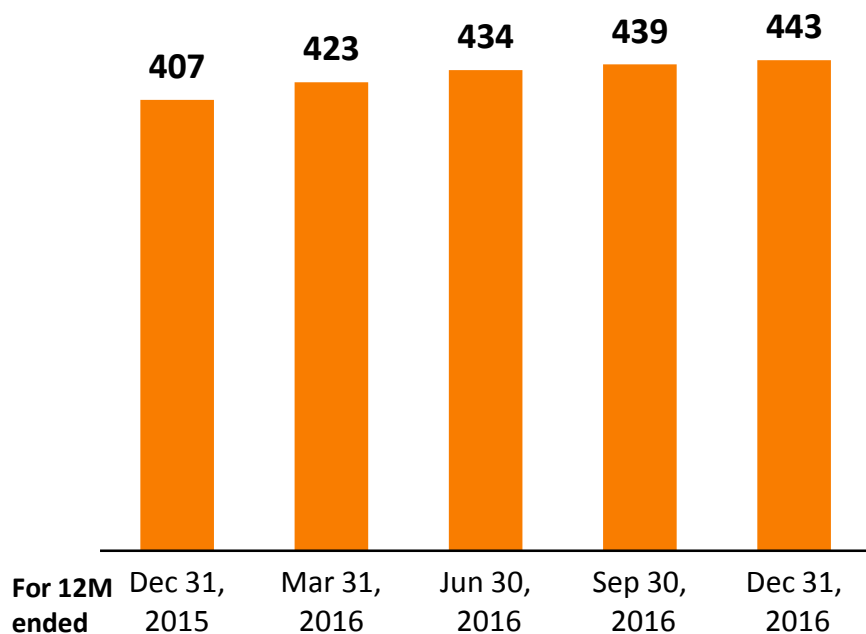


Note: For the three months ended on the respective dates. Online marketing service revenue grew by 47% YoY and commission revenue (representing 30% of China commerce retail revenue) grew by 32% YoY, in the quarter ended Dec 31, 2016.

# Core Commerce – China Commerce Retail - Active Buyers & Mobile MAUs

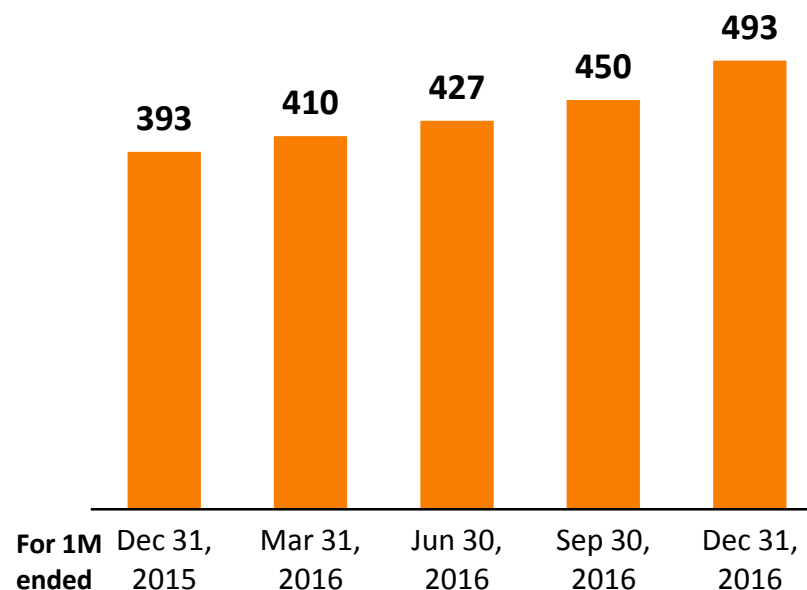
## Annual Active Buyers

(In Millions)



## Mobile MAUs

(In Millions)

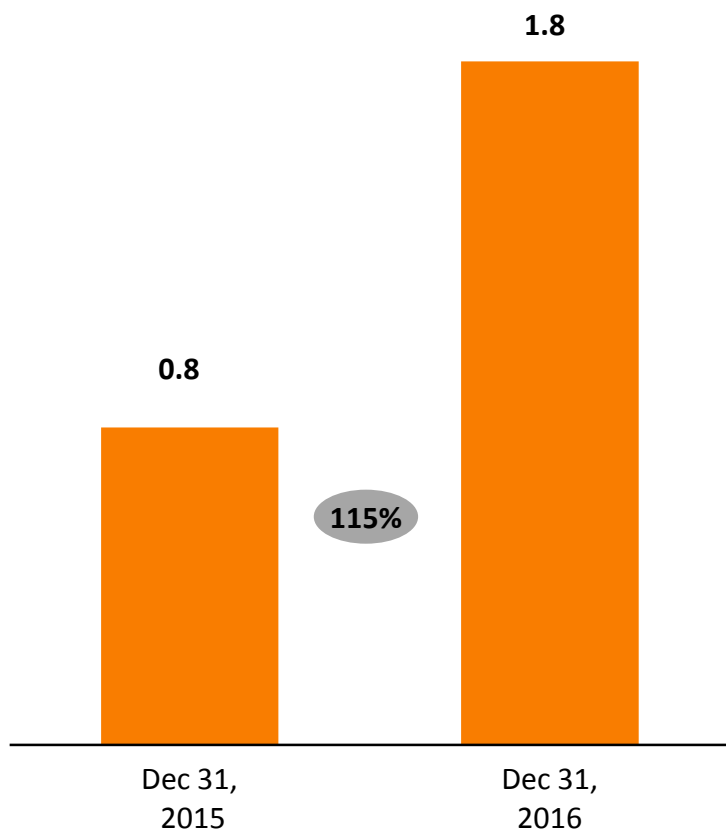


# Cloud Computing Segment

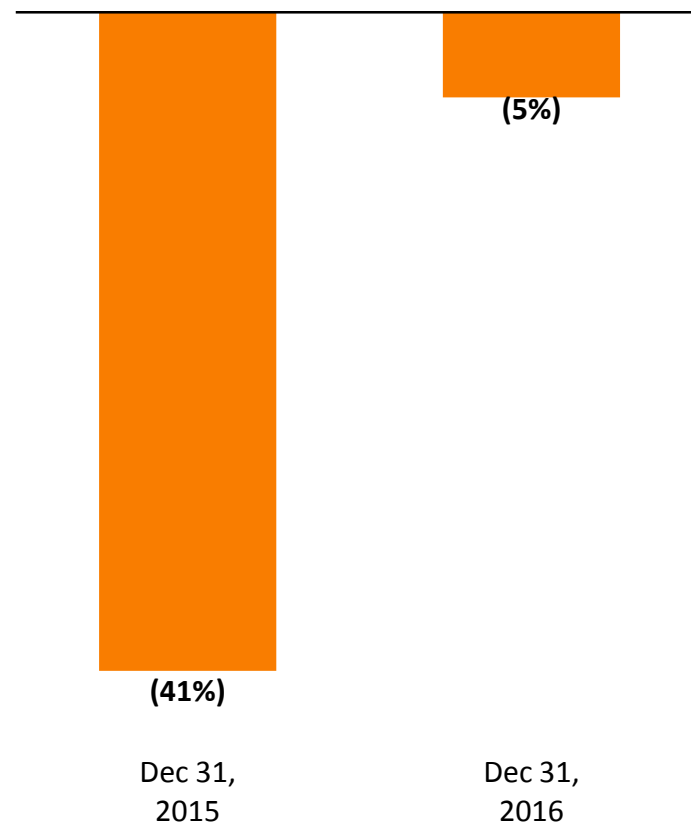
- Cloud computing paying customers doubled since the year-ago quarter to 765,000.
- Segment adjusted EBITA margin significantly improved YoY. Our cloud computing business' top priority remains expanding market leadership.

## Segment Revenue

(RMB Bn)



## Segment Adjusted EBITA Margin



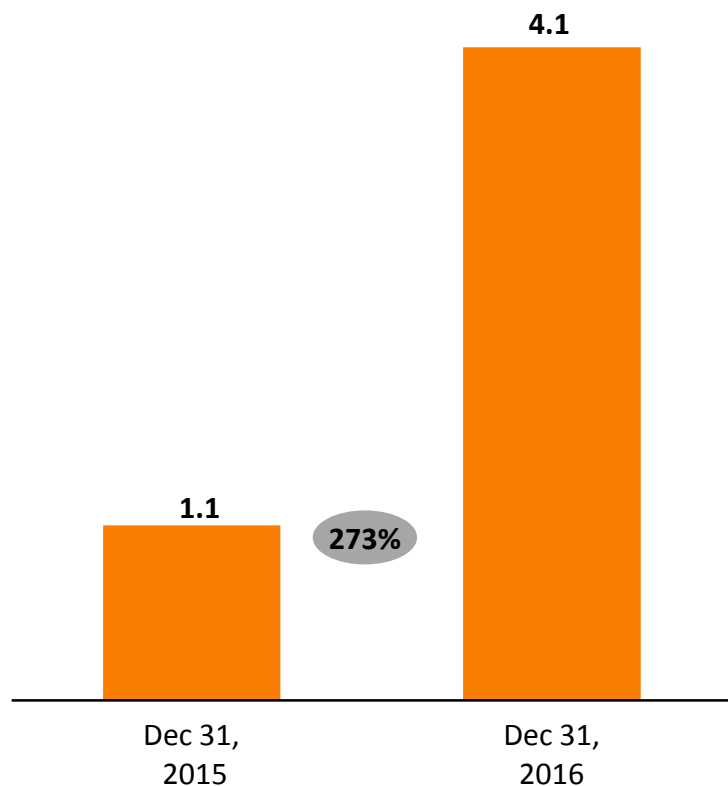
Note: For the three months ended on the respective dates.

# Digital Media & Entertainment Segment

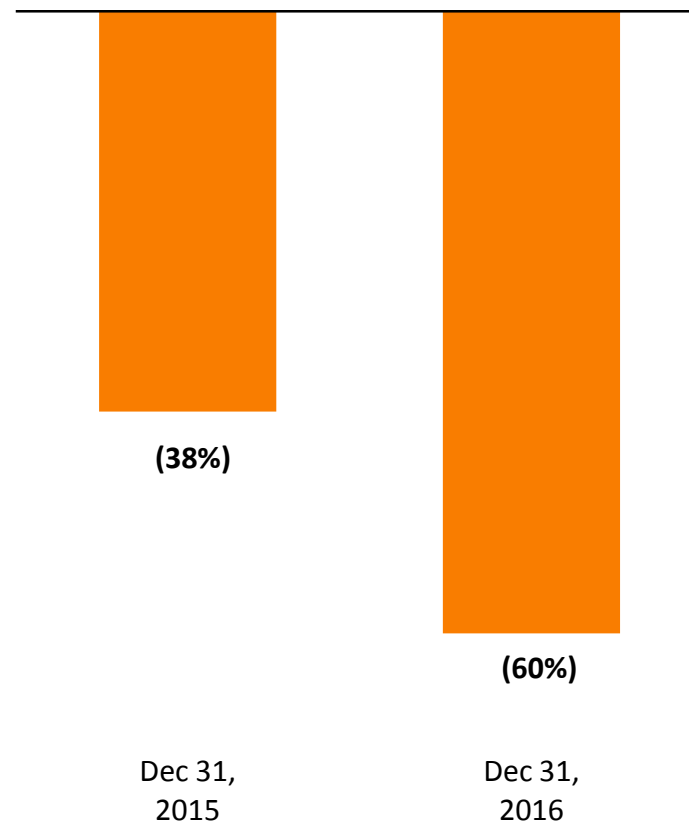
- Segment revenue grew 273% YoY primarily due to consolidation of Youku and also to an increase in revenue from mobile value-added services provided by UCWeb.
- Adjusted EBITA margin of this segment was negative 60%, primarily due to Youku content development costs, partially offset by improvement in UCWeb's margin.

## Segment Revenue

(RMB Bn)



## Segment Adjusted EBITA Margin



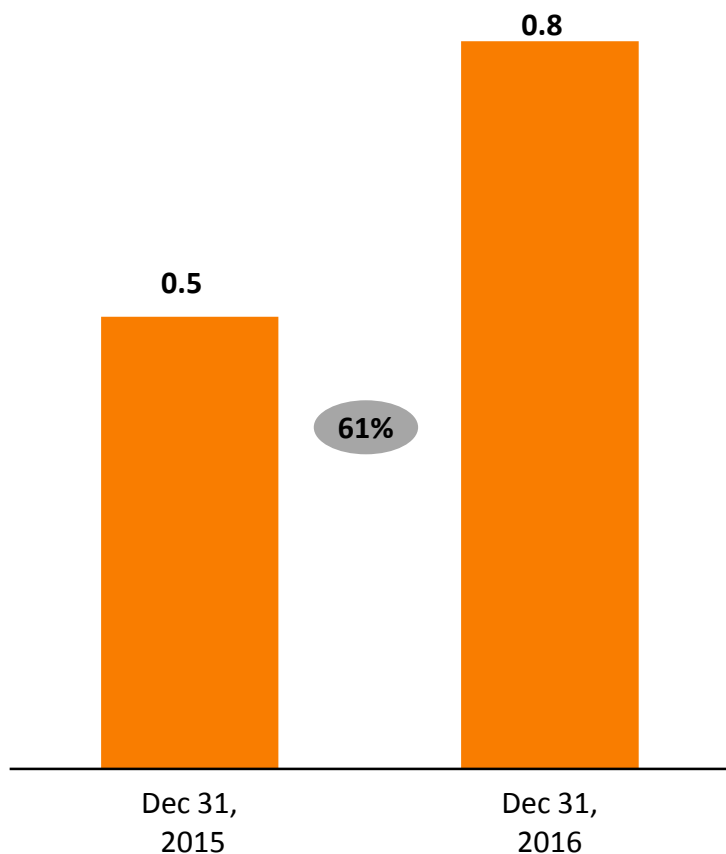
Note: For the three months ended on the respective dates.

# Innovation Initiatives & Others Segment

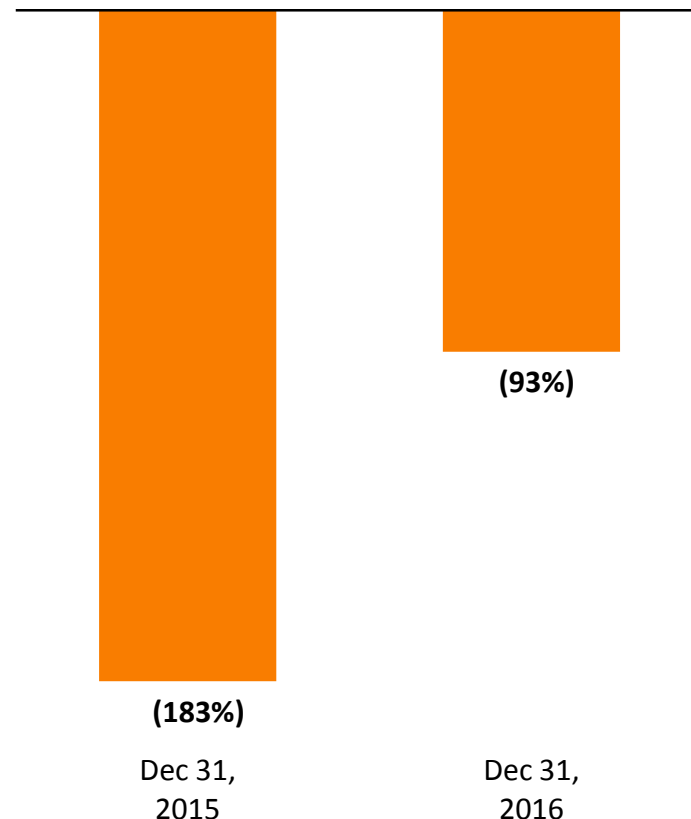
- The innovation initiatives and others segment includes businesses such as YunOS, AutoNavi, DingTalk, and others.
- These businesses represent our strategic investments into future growth and are in the initial investment phase.

## Segment Revenue

(RMB Bn)























## Segment Adjusted EBITA Margin



Note: For the three months ended on the respective dates.























# December Quarter Segment Reporting

	<b>Core Commerce</b>  <i>China Commerce Retail</i>        <i>China Commerce Wholesale</i>   <i>International Commerce Retail</i>   <small>Smarter Shopping. Better Living!</small> <small>— Worldwide Shopping —</small>  <i>International Commerce Wholesale</i>  <small>"Global trade starts here."</small>	<b>Cloud Computing</b>  	<b>Digital Media Entertainment</b>          	<b>Innovation Initiatives &amp; Others</b>      	<b>Un-allocated<sup>(2)</sup></b>	<b>Consolidated</b>
<b>Dec 16 Revenue (MM)</b>	<b>RMB 46,576</b> <b>USD 6,708</b> <b>45% YoY</b>	<b>RMB 1,764</b> <b>USD 254</b> <b>115% YoY</b>	<b>RMB 4,063</b> <b>USD 585</b> <b>273% YoY</b>	<b>RMB 845</b> <b>USD 122</b> <b>61% YoY</b>	-	<b>RMB 53,248</b> <b>USD 7,669</b> <b>54% YoY</b>
Dec 16 Adjusted EBITA (MM)	RMB 29,630 USD 4,268	RMB (92) USD (13)	RMB (2,431) USD (350)	RMB (785) USD (114)	RMB (653) USD (94)	RMB 25,669 USD 3,697
<b>Dec 16 Adjusted EBITA Margin (%)</b>	<b>64%</b>	<b>(5%)</b>	<b>(60%)</b>	<b>(93%)</b>		<b>48%</b>
Dec 15 Adjusted EBITA Margin (%)	65%	(41%)	(38%)	(183%)		52%

Notes:

1. Segmental information is presented after elimination of inter-company transactions.
2. Unallocated expenses are primarily related to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.
3. All translations of RMB into US\$ were made at RMB6.943 to US\$1.00.

# Fiscal YTD Segment Reporting

	Core Commerce	Cloud Computing	Digital Media Entertainment	Innovation Initiatives & Others	Un-allocated <sup>(2)</sup>	Consolidated
	<p><i>China Commerce Retail</i></p> <p>  Taobao.com Tmall.com</p> <p>  聚划算 农村淘宝 juhuasuan.com cun.taobao.com</p> <p>  阿里妈妈 Tmall Global Alimama.com</p> <p><i>China Commerce Wholesale</i></p> <p>  阿里巴巴 1688.com</p> <p><i>International Commerce Retail</i></p> <p>  AliExpress Lazada Smarter Shopping. Better Living! - Your Favorite Shopping</p> <p><i>International Commerce Wholesale</i></p> <p>  Alibaba.com "Global trade starts here."</p>	<p> 阿里云 aliyun.com</p>	<p> UC Web</p> <p>  youku 优酷 土豆网 tudou.com</p> <p> 阿里体育 Alisports.com</p> <p>  阿里音乐 Tmall TV Alibaba Music</p>	<p> 高德 Amap</p> <p> Yunos</p> <p> 钉钉</p>		
<b>F17YTD Revenue (MM)</b>	<b>RMB 102,310</b> <b>USD 14,736</b> <b>44% YoY</b>	<b>RMB 4,500</b> <b>USD 648</b> <b>130% YoY</b>	<b>RMB 10,806</b> <b>USD 1,556</b> <b>286% YoY</b>	<b>RMB 2,078</b> <b>USD 300</b> <b>56% YoY</b>	-	<b>RMB 119,694</b> <b>USD 17,240</b> <b>56% YoY</b>
F17YTD Adjusted EBITA (MM)	RMB 63,853 USD 9,197	RMB (307) USD (44)	RMB (4,831) USD (696)	RMB (2,443) USD (352)	RMB (2,251) USD (324)	RMB 54,021 USD 7,781
<b>F17YTD Adjusted EBITA Margin (%)</b>	<b>62%</b>	<b>(7%)</b>	<b>(45%)</b>	<b>(118%)</b>		<b>45%</b>
F16YTD Adjusted EBITA Margin (%)	64%	(56%)	(58%)	(184%)		50%

Notes:

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3. All translations of RMB into US\$ were made at RMB6.943 to US\$1.00.

# GAAP to Adjusted/Non-GAAP Measures Reconciliation

	For the Three Months Ended		
	Dec 31, 2015	Dec 31 2016	
	(RMB MM)	(RMB MM)	(US\$MM)
<b>Adjusted EBITDA</b>			
Income from operations	12,434	20,664	2,976
Add: Share-based compensation expense	4,370	3,744	539
Add: Depreciation and amortization of property and equipment and land use rights	1,039	1,352	195
Add: Amortization of intangible assets	813	1,261	182
Add: Impairment of goodwill	455	--	--
<b>Adjusted EBITDA</b>	<b>19,111</b>	<b>27,021</b>	<b>3,892</b>
<i>Adjusted EBITDA margin</i>	<i>55%</i>	<i>51%</i>	
<b>Non-GAAP net income</b>			
Net income	12,456	17,157	2,471
Add: Share-based compensation expense	4,370	3,744	539
Add: Amortization of intangible assets	813	1,261	182
Add: Impairment of goodwill and investments	1,611	1,476	213
Less: Gain on deemed disposals/disposals/ revaluation of investments and others	(2,959)	(1,161)	(168)
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	67	67	10
Adjusted for tax effects on non-GAAP adjustments	217	(53)	(8)
<b>Non-GAAP net income</b>	<b>16,575</b>	<b>22,491</b>	<b>3,239</b>
<b>Non-GAAP Free cash flow</b>			
Net cash provided by operating activities	26,230	37,416	5,389
Less: Purchase of property, equipment and intangible assets (excluding land use rights and construction in progress)	(2,365)	(3,246)	(468)
Add: Changes in loan receivables, net and others	(146)	(48)	(6)
<b>Non-GAAP free cash flow</b>	<b>23,719</b>	<b>34,122</b>	<b>4,915</b>



